Why Are Electricity Bills So High in Somalia?
What drives the cost of power, why Somali customers pay so much, and what can be done about it

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Somalis pay some of the highest electricity prices in the world, often four to ten times what households pay in neighbouring Kenya or Ethiopia. For many families and small businesses, the monthly electricity bill is one of the largest and most painful expenses they face.
The cause is not one greedy company or one bad decision. It is a sector built on small diesel generators, poor networks and no working referee to check what customers are charged. Each of these problems raises the bill on its own; together, they multiply. The good news is that every one of them can be fixed, and the fixes are already proven in other countries.

> **Key takeaways**
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> - **Diesel is the main cost driver.** Fuel alone costs around 30–40 US cents for every kilowatt-hour generated, before any other expense.
> - **Half the power may be lost.** By some estimates, losses in Somali networks are not less than 50%, which can double the fuel cost of every kilowatt-hour a customer pays for.
> - **No one checks the price.** The 2023 National Electricity Act has not yet been implemented, so there is no regulator approving tariffs or hearing complaints.
> - **Four steps can change this:** implement the Electricity Act, establish an independent regulator, create fair competition, and invest in smart systems such as solar, batteries, smart meters and well-built networks.

The question every Somali household asks

"Why is my electricity bill so high?" It is asked in Garowe, Mogadishu, Bosaso, Kismayo and many other towns, by shopkeepers, families and small factory owners. A small business can spend more on electricity than on rent. A family that can afford one fan and a few lights sees a bill that would power a whole house elsewhere in Africa. For a restaurant, a cold store, a welding workshop or a water-pumping business, electricity is not a side cost; it can decide whether the business survives.

Anyone who works in Somalia's electricity sector hears this question constantly. It deserves a clear and honest answer. This article answers it in three parts: what makes electricity expensive anywhere, what makes it especially expensive in Somalia, and what government, power companies and customers can each do to bring bills down.

What customers have a right to expect

- First, a reminder of what customers should expect. A good electricity supply rests on four pillars:
- **Safe:** it must not put lives or property at risk through fires, electric shocks or dangerous installations.
- **Reliable:** it must be available when customers need it, without frequent outages or unannounced cuts.
- **Good quality:** 240 V within 216–264 V (±10%), and 50 Hz within 49.5–50.5 Hz, the values our appliances are designed for. Supply outside these limits damages motors, refrigerators and electronics, and shortens their lives.
- **Affordable:** the price must reflect the genuine, efficient cost of supplying power, plus a fair return for the provider, and no more.

Today, most Somali customers get none of the four in full. They pay a premium price for a supply that is often unsafe, unreliable and of poor quality.

How Somalia gets its electricity today

Somalia has no national grid. Since the collapse of the state utility in 1991, private Electricity Power Providers (EPPs) have filled the gap. Their contribution deserves recognition: without them, most Somali towns would have no electricity at all. But the system they built grew piece by piece, without a plan or common rules. Each provider runs its own isolated network in its own town or district, with its own generators, its own poles and wires, and its own prices.

Together they generate only about 128 MW, according to the U.S. Commerce Department's country guide, for a country of more than 18 million people. That is a very small amount of generating capacity for a population of this size, and it is spread across many separate systems that cannot help one another.

Most of that power comes from diesel generators. Solar and wind are growing (BECO's 10 MW solar farm near Mogadishu, NECSOM's wind turbines in Garowe), but diesel still sets the cost of almost every kilowatt-hour sold. Access has improved: about 62% of Somalis had electricity in 2023, 80% in towns but only 39% in rural areas. This structure, many small diesel islands with no connection between them, is the starting point for understanding the bill. Almost every cause described below flows from it.

Why the bill is so high: six causes

Around the world, four things decide the price of electricity: the energy source, the condition of the network, government policy and the structure of the market. Somalia scores badly on all four. The six causes below explain how.

1. Imported diesel is an expensive fuel

A diesel generator produces roughly 3 kWh from one litre of fuel. With diesel imported by sea, trucked inland over long distances and sold at around one US dollar a litre, fuel alone costs about **30–40 US cents for every kilowatt-hour**, before any salaries, spare parts, network or profit.

Countries that run on hydropower or a large national grid start far below that line. Ethiopia's dams, for example, produce power at a fraction of the cost of diesel. When world oil prices rise, Somali bills rise with them, as Somaliland saw in 2022 when a temporary 10-cent fuel surcharge was added.

2. Small, isolated generators waste fuel

Each EPP must size its plant for its own evening peak, when lights, fans, televisions and other appliances are all switched on together, and keep spare units running in case one fails, since there is no neighbouring network to call on for help.

At midday many generators run at low load, where they burn far more fuel per kWh. A large interconnected system shares reserves and runs its best machines most of the time, switching off the rest; dozens of small islands cannot, and customers pay for the inefficiency.

3. Heavy losses in poorly built networks

A large share of the energy generated never reaches a paying meter. Undersized or low-quality cables, poor joints, overloaded transformers and long low-voltage lines with many T-offs turn electricity into heat. Tangled overhead connections also make illegal tapping easy. Much of this comes from a shortage of technical expertise, both in buying materials and in installation work. Every lost kilowatt-hour still burned fuel, and its cost is spread over the customers who do pay.

How large is this share? By some estimates, the total power loss in Somali EPP networks is **not less than 50%**. That means for every two kilowatt-hours a generator produces, only one is billed. The losses are of two kinds:

- **Technical losses:** the energy turned into heat in cables, joints and transformers because the network is undersized, overloaded or badly built.
- **Commercial losses:** energy that is consumed but never paid for because of illegal connections, faulty or missing meters and billing errors.

A well-run utility normally keeps both together to around **10–15%**.

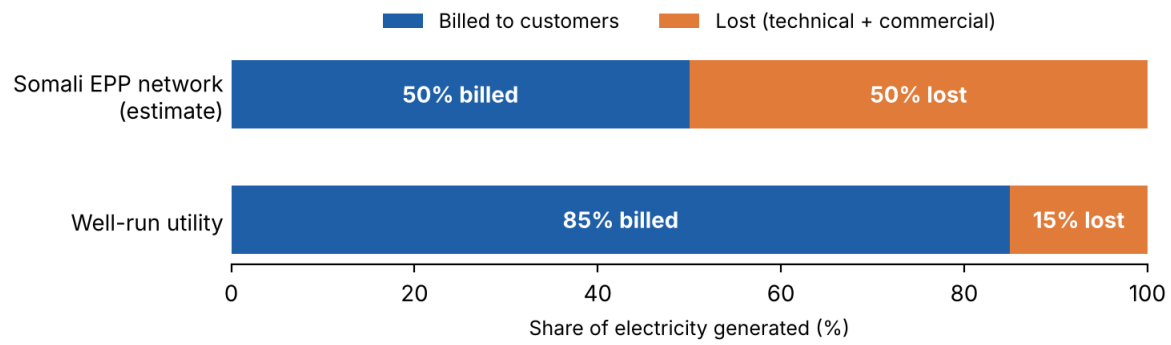

Figure 1. Share of generated electricity that is billed versus lost. Somali EPP losses are based on estimates of not less than 50%; the well-run utility shows a typical loss level of about 15%.

The effect on the bill is direct. If fuel alone costs 30–40 US cents for each kilowatt-hour generated, and half of that energy is lost, the fuel cost of each kilowatt-hour actually sold becomes **60–80 US cents**, before salaries, maintenance or profit. In other words, losses on this scale can double the price a paying customer sees. The table below shows how quickly the fuel cost per kilowatt-hour sold climbs as losses rise.

Network losses	Fuel cost per kWh sold (US cents)	Increase vs. no losses
0% (theoretical)	35	–
15% (well-run utility)	about 41	+18%
30%	about 50	+43%
50% (Somali estimate)	about 70	+100%

Table 1. Illustrative fuel cost per kilowatt-hour sold, assuming fuel costs 35 US cents per kWh generated (the midpoint of 30–40 cents).

This also means that reducing losses is one of the quickest and cheapest ways to bring bills down: cutting losses from 50% to 15% would lower the fuel cost of every kilowatt-hour sold by roughly 40%, without building a single new power plant. Much of the work involves replacing undersized cables, re-making bad joints, rebalancing overloaded transformers, regularising illegal connections and installing proper meters: practical, well-understood tasks that pay for themselves quickly.

4. No working law or regulator to check tariffs

This is the root cause, and the one that allows all the others to continue. A country normally has an **Electricity Act** that sets the rules of the sector, and an independent **Electricity Regulatory Authority (ERA)** that:

- licenses companies and electricians;
- approves tariffs based on each company's real, audited costs;
- enforces safety and technical standards, including the quality of supply;
- handles customer complaints and resolves disputes.

The federal government signed a National Electricity Act in March 2023 that creates a National Electricity Authority. This was an important step. However, by the Commerce Department's account it has not yet been implemented. On the ground, no regulator reviews whether a company's tariff reflects its real costs, no one enforces technical or safety standards, and customers have nowhere to take a dispute about their bill or their meter.

5. Monopoly instead of competition

In most towns one company owns the generators, the poles and the meters. A customer who is unhappy has no alternative supplier to turn to. Elsewhere, either a regulator or a competitor keeps prices in check. Somali electricity customers have neither.

As a result, the price is whatever the provider decides, and there is little pressure to cut losses, maintain the network properly or invest in cheaper solar, because the customer will pay regardless. This is not a criticism of any individual company; it is the predictable result of a market without rules.

6. Expensive money and short horizons

Solar plants, batteries and proper networks cost a lot up front and save money over 15–25 years. A diesel generator is the opposite: it is relatively cheap to buy and install, but very expensive to run, month after month.

Somali companies borrow at high cost, if they can borrow at all, and face political and security risk. That pushes them toward the option with the lowest up-front cost, diesel, and the customer pays its high running cost every month, for years.

The result

The outcome is what customers see every day: excessive tariffs, poor service, frequent outages and neglected safety. Electrical fires caused by poor wiring and unregulated connections are a real and regular consequence, costing property and sometimes lives. Uncalibrated meters add a final problem: customers cannot be sure the reading on their bill is correct.

How Somali prices compare

The average Somali tariff of about **US$0.61 per kWh** is four times Kenya's, ten times Ethiopia's and five times the African average. In some diesel-only areas, customers pay more than a dollar for every kilowatt-hour.

Country or region	Typical price (US$ per kWh)	Notes
Somalia, diesel-only areas	over 1.00	Some private networks, 2024
Somalia, average	0.61	World Bank, 2023
Somaliland, new tariff	0.59	From December 2025, down from 0.73
World, residential average	0.16	Early 2025
Kenya	0.15	Grid tariff, 2024
Africa, average	0.12	2025
Ethiopia	0.06	Mostly hydropower, 2024

Table 2. Typical electricity prices in Somalia compared with neighbouring countries and regional and world averages.

To put this in everyday terms: a small shop using 300 kWh a month would pay around US$183 at the Somali average tariff, compared with about US$45 in Kenya and US$18 in Ethiopia for the same amount of electricity.

A fair tariff for Somalia cannot match Ethiopia's hydropower, but it does not need to be $0.60 or more either. Somaliland's recent reduction from US$0.73 to US$0.59 shows that tariffs can come down when there is the will to act. The gap between today's price and a cost-reflective price is what regulation, solar and loss reduction can close.

How to bring bills down

No single step will halve bills. But government, power providers and customers can each act now, and the effects add up. These actions also reinforce one another: a regulator gives providers a reason to cut losses, lower losses make solar investment more attractive, and better-informed customers keep the whole system honest.

What government must do

1. **Put the Electricity Act into practice.** The 2023 federal Act exists on paper. It needs regulations, a budget and enforcement, and the federal member states, including Puntland, need matching laws or agreements so the rules apply on the ground, in every town.
2. **Establish an independent Electricity Regulatory Authority.** It should license generators, distributors and electricians, approve tariffs based on audited costs, enforce a grid code and safety standards, and give customers a place to complain and

resolve disputes. Its independence from both politicians and power companies is essential to its credibility.

3. **Open the market to competition.** Allow several EPPs and independent power producers to sell into the same network under fair, non-discriminatory access rules. Competition is what breaks the monopoly mindset and rewards providers who cut costs.
4. **Make solar cheaper to build.** Remove import duties on solar panels, inverters and batteries, and work with donors and development banks to provide long-term, low-interest finance for renewable plants. This directly addresses the problem of expensive money and short horizons.
5. **Connect the islands.** Over time, link neighbouring town networks so that generation and reserves are shared instead of duplicated. Interconnection allows the most efficient plants to run more often and reduces the number of generators idling at low load.

What power providers can do

Providers do not need to wait for government to start reducing costs. Several measures pay for themselves through fuel savings and reduced losses:

- **Add solar and batteries to every diesel plant.** Daytime demand can be met largely by solar, so generators run less and at better load. Every kilowatt-hour from the sun is a kilowatt-hour that burns no imported fuel.
- **Cut network losses.** Use correctly sized, quality cables and transformers, install proper service connections with a clear point of supply, and replace tangled overhead lines. As Table 1 shows, this is one of the most powerful levers available.
- **Install smart, calibrated meters.** Smart meters give itemised monthly bills, reduce disputes and help detect theft. Meters, old or new, should be calibrated regularly; in a dispute, only a calibrated meter is valid evidence.
- **Run generators efficiently.** Match the number of units running to the load, and maintain engines to keep fuel use per kWh low.

What solar can save: a worked example

Take a **6 MWp solar plant in Somalia**. At about 70% of rated output over 6.5 sun-hours a day, it produces roughly **27,300 kWh a day**, or about **819,000 kWh a month**.
At 3 kWh per litre, producing the same energy from diesel would burn about **273,000 litres a month**, more than 1,700 barrels. At current diesel prices that is roughly **US$240,000–270,000 of fuel every month** that would no longer need to be imported, transported and burned.

> **What this could mean for customers**
> If that fuel saving were passed on to 5,000 small-business customers, each could pay around **US$48–54 less per month**. That is money that could stay in the business, pay a salary or be reinvested, rather than being burned as imported fuel.

This is precisely why a regulator matters. Without one, there is no mechanism to ensure that savings like these are shared with customers through lower tariffs.

What customers can do

Customers are not powerless. Even before wider reforms arrive, households and businesses can reduce their own bills and protect themselves:

- Switch to LED lighting and energy-efficient appliances, especially inverter-type air conditioners and refrigerators, which use considerably less electricity than older models.
- Use only licensed electricians and proper cable sizes (1.5, 2.5, 4, 6 and 10 mm² for the right loads) to avoid losses and fires.
- Ask for an itemised bill, check the meter reading, and request calibration if the reading seems wrong.
- Shift heavy loads such as pumps, welding and ironing to daytime where the provider has solar, when power is cheapest to produce.
- Speak up together: business associations and community groups can push for the Act, the regulator and fair tariffs. Collective pressure is far more effective than individual complaints.

Conclusion: four steps to affordable electricity

Electricity is the foundation of development. It powers businesses, hospitals, schools and water supply, and it determines whether Somali industry can compete with its neighbours. Somalia's high bills are not a mystery: they come from diesel dependence, small isolated networks, network losses that in some estimates reach half of all energy generated and, above all, the absence of a working law and regulator.
The path to affordable power has four steps:

- Implement the Electricity Act.
- Establish an independent Electricity Regulatory Authority.
- Create fair and transparent competition among power providers.
- Develop smart systems: solar, batteries, smart meters and well-built networks.

The technology is proven and the sun is free. What is missing is the framework that turns those savings into lower bills for every Somali household and business. With the right rules in place, Somali customers can finally have electricity that is safe, reliable, of good quality and affordable.

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